The Community Resource Kit

Guidance for people setting up and running community organisations

INTERNAL AFFAIRS

Te Tari Taiwhenua

Section 9

Raising funds

CONTENTS (SECTION 9)

Introduction

At some point, nearly every community organisation will need to raise money to be able to continue its work in the community or to carry out a special project. Raising funds, like most activities, is easier if you have a clear idea of what you need to do and how you'll do it.

Step 1:
Gather information about your organisation

↓

Step 2:
Gather information about the project or activity

↓

Step 3:
Find out about funding sources and possible activities

↓

Step 4:
Create a fundraising plan

↓

Step 5:
Implement your fundraising plan – send out applications and complete fundraising activities

↓

Step 6: Account for funding received and evaluate how your plan worked

Fundraising plan

The most important step in successful fundraising is planning. Take time to draw up a fundraising plan and think through strategies that will achieve your goals. Break down tasks into manageable pieces and set a timeline for their completion.
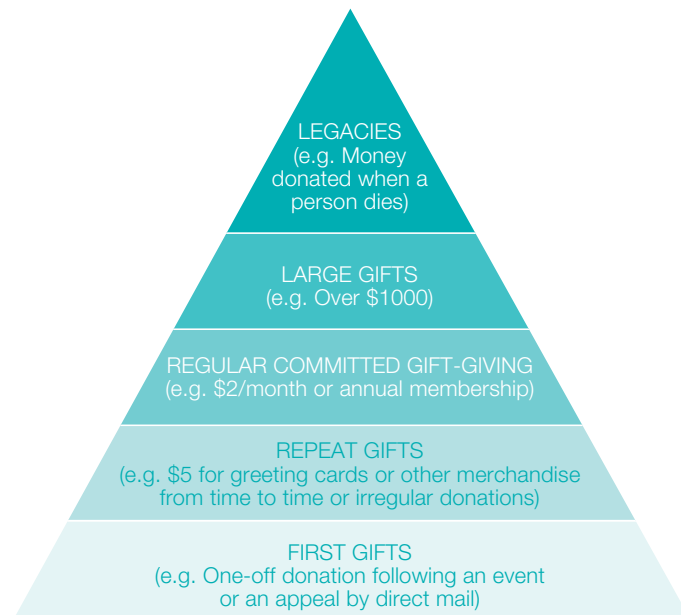
1. First steps

- Identify the purpose of obtaining funds.
- Check whether fundraising is really necessary. What's available now? Are there other ways of achieving what you want, such as using another group's equipment. Could you use a donation of a service or an item instead of money?
- Who will gain from the fundraising? Will your target group benefit?

2. Once you've decided to raise funds

- Establish a fundraising committee to provide you with support in the planning process. You might also want to appoint a fundraising coordinator to take overall responsibility for fundraising activities.
- Describe the exact purpose for raising funds – it's much easier to raise funds for a particular project than for the everyday operating costs of the organisation. Make sure everyone knows the purpose of the fundraising and the target.
- Set a budget – work out how much it will cost you to raise the funds e.g. running expenses such as salaries for professional help, rent, phone, power, printing, cleaning, stationery, transport, auditing, equipment, etc.
- Set goals – work out how much money you need to raise and by when. Make sure the goals are meaningful and varied – raising funds for the same thing year after year can be demoralising.
- Build a fundraising pyramid (see diagram) – this is a good formula for working out the types of donations (small, medium or major). People and funders give at varying levels, depending on their capacity, motivation and, most importantly, on how much they're asked for. In most successful campaigns, one third to half of income comes from large gifts and legacies, another third comes from medium-sized gifts, and the final third comes from smaller gifts. The trick to meeting your fundraising target is to decide what amount constitutes major, medium and small gifts, and how many gifts you need at each level of the pyramid.

Fundraising pyramid

LEGACIES
(e.g. Money donated when a person dies)

LARGE GIFTS
(e.g. Over $1000)

REGULAR COMMITTED GIFT-GIVING
(e.g. $2/month or annual membership)

REPEAT GIFTS
(e.g. $5 for greeting cards or other merchandise from time to time or irregular donations)

FIRST GIFTS
(e.g. One-off donation following an event or an appeal by direct mail)

Tip: If you ask for $10, that's what you'll get, even from a millionaire. So be bold and ask for a reasonable amount – though not too high or you might put people off altogether! Remember to work the bottom of the pyramid by building a relationship with your one-off donors to encourage them to become regular donors. The top of the pyramid is also important because every large gift you get, means fewer small gifts you need to ask for.

- List the other (non-monetary) resources needed – check these against the resources already available: people, equipment, transport, facilities, etc.
- Build a fundraising team. Create a network of people who will join you in raising funds to maintain the energy and replace any who leave. Involve people who enjoy this type of work — those who don't can work in another part of the organisation.
- Decide who will need to be consulted before any decisions about the fundraising ventures are made – this will include your board.
- Evaluate and choose your funding options. Your group stands a better chance of long-term survival if you have as many sources of funding as you can manage, rather than just relying on one or two (see 'Funding options' below).
- Know how to account for any funding you might receive – this includes tax implications, keeping accurate records for your own organisation and for the funding organisation and/or donor (see Section 7 – Financial management).
- Develop your strategies, including a timeline, to put your final plan into action. Make sure these strategies fit into your overall income plan.

3. Now you're ready to ask for the money

Tip: Attend funding courses, expos and fairs, and collect information on funding. This will help you build a resource for future reference.

Funding options

Funding can come and go, so it's important not to rely on a limited number of sources. Aim to draw your funding from as many sources as possible.

Local fundraising activities

- Food and entertainment e.g. balls, socials or shows, wine and cheese parties, fancy dress or hat parties, picnics.
- Sales e.g. t-shirts, bumper stickers, fridge-magnets, ballpoints, tea towels (these can also promote your organisation), puppets, art works, auctions, garage sales, cake stalls, sausage sizzles (many supermarkets encourage them and even provide a barbecue), market days, calendars, cookbooks, published histories of the organisation.
- Money for labour e.g. working bees, gardening, painting, labouring, section-clearing, home delivery.
- Sponsored activities e.g. swims, walks, triathlons, games.
- Exhibitions or demonstrations e.g. a celebrity match, pottery demonstration and 'have a go'.
- Community services e.g. rubbish collections, bottle drives (where there isn't a regular recycling service), information pamphlets, community directories.
- Competitions e.g. sports days, 'top town' team events, quizzes, beach games, treasure hunts.

Tip: For more local fundraising ideas, visit: **http://www.exult.co.nz/index. php?page=seriously.**

Raising money through membership.

- Membership fees – have a range of fees that vary for members who are unemployed to corporate organisations.
- Patrons – patrons can be selected for the status they bring to the organisation or in acknowledgement of their financial support (in this case, consider setting a patron subscription).
- 'Friends of the organisation' membership – 'friends' are usually people interested in the organisation but not directly involved with it. In return for your friends' subscription or donation, you might offer newsletters, cheaper entrance fees, preferential bookings, etc.
- Business membership – this is similar to 'friends' but is directed at commercial organisations.
- Major sponsors – similar to business sponsors but with a greater contribution. (Refer to the 'Business sponsorships' section.)
- Local authority or government agency membership – where this is appropriate you could charge a higher membership fee.

Donations

Donations are made by individuals, private trusts and foundations, and sometimes by corporations. They might be in the form of cash, income (e.g. from interest or rent) and in kind (e.g. free services or donated goods). Donations do not attract GST.

Seek out donations and make it easy for people to donate to your organisation. It's not just the large charities that people want to donate to. You might consider:

- adding a 'Donate' button to the homepage of your website so individuals can make a one-off donation or sign up for regular donations
- having donation boxes around your local area
- organising a street appeal or setting up a collection at a local event
- applying for Inland Revenue approval as a donee organisation in order to participate in payroll giving (for more information on payroll giving refer to Section 7 – Financial management or visit: http://www.ird.govt.nz/news-updates/campaign-payroll-giving.html .

Tip: For more ideas on donation options, visit: **http://www.exult.co.nz/index.php?page= exultnetwork&viewarticle=46 .**

Donor-donee relationship

Your organisation chooses how to use donated money, though donors can be involved to varying degrees. If a donor wants to be involved in the management of their donation, make sure the expectations of both parties are very clear from the start. Keep an open relationship so that any concerns can be raised by either party.

Tip: Make sure you thank your donors and give them feedback on how the donation has helped your group. A happy donor is much more likely to donate again!

Business sponsorships

Sponsorship is a two-way agreement in which a company offers cash, product or service for an association with your organisation. You may seek sponsorship for help with your group's overall mission or for a single project, event or activity. While money is the most obvious benefit of sponsorship, voluntary groups can also gain a lot from gifts in kind such as printing, transport and equipment, space for offices, payment for publicity, payroll giving, and volunteer work by companies that have employee volunteering programmes.

Clearly state the potential benefits from an association with your group, such as company or brand exposure, the potential for increased sales and/or logo placement. Recent research – http://nz.acnielsen.com/site/index.shtml – has shown that New Zealanders think more highly of companies that support charities and are more likely to buy their products. Highlight this as an opportunity for the potential sponsor. Once a sponsor is on board, it's essential that you follow through and deliver what you promise.

Sponsorship strategy

A sponsorship strategy involves:

- identifying activities suitable for sponsorship
- writing a clear summary of, and budget for, the proposed activity
- identifying potential benefits for the sponsors
- establishing the value to the sponsor
- identifying potential sponsors and selecting who you will approach
- writing the sponsorship proposal
- approaching the sponsor, and
- follow-up with the sponsor.

Ways of recognising sponsors

You could put the sponsor's name on:

- clothing
- all stationery, which can be done cheaply with a self-inking stamp
- your website and/or social media pages
- all promotional material such as entry or registration forms, posters, tickets
- notice boards at clubrooms
- cups, medals and ribbons
- a display by the sponsor in the clubrooms, and
- the club banner.

You could also:

- advertise the sponsor's wares or activity in programmes and newsletters
- promote and foster the sponsor's name and products at, or during, an event, in your annual report, or at the AGM
- have the organisation or its members become involved in promotional activities for the sponsor
- have the sponsor's employees volunteer for your organisation
- give the sponsor the opportunity to market products at the event venue or to the participants

- distribute the sponsor's advertising material at your office, clubrooms, or to participants
- have the sponsor's advertising on your website or at an event venue, and
- allow the sponsor to use photos of events for their own promotions.

Professional fundraising consultants

Consultants advise, plan and organise events and activities with the support of, and from, the organisation. It pays to ask around other similar organisations that have used them and get a referral. The Fundraising Institute of New Zealand (FINZ) can help with advice on consultants specialising in particular areas. You may want to become a member and receive their bi-monthly magazine *FINZ on Fundraising*, or join one of the FINZ regional networks. Visit: http://www.finz.org.nz for details.

Tip: For tips on hiring a fundraising consultant, visit: **http://www.finz.org.nz/Site/ Fundraising_Questions/default.aspx**

Online fundraising

People spend an increasing amount of time on the Internet and your organisation should have an online presence.

Advantages of having an online presence

- Spreads news and requests support, e.g. in the case of a natural disaster, an appeal can be active in minutes.
- The Internet complements traditional fundraising methods and it saves money on postage or telemarketing
- Keeps people regularly informed of your progress, in fundraising or the organisation's activities through a website, Facebook page or blog.
- Online communication helps strengthen relationships with donors and stakeholders, and enables you to tailor fundraising campaigns to your supporters' preferences.
- Your organisation's mission, message and activities are seen by more people who visit your website or social media pages, and by people wanting to share information. This can lead to new donors, volunteers and advocates.
- Your digital presence promotes a sense of an active and innovative organisation, giving funders and donors confidence.

Adapted from http://www.nzfvwo.org.nz/new-dialogue/new-dialogue-29-summer-2010/ online-is-the-way-forward-for-fundraising/ .

and

Fundraising Basics, Ciconte & Jacob.

Tip: For more information on using the Internet, see Chapter 12 – Information technology.

Starting out

Coordinate your online fundraising with your organisation's strategic plan and your fundraising strategy. Have a clear and realistic idea of what you want to achieve and how your online presence will enhance that. Simply putting a 'donate now' button on your website or starting a social media page isn't enough for effective fundraising.

Online fundraising strategy should:

- make people aware of the organisation
- get people to care about the organisation
- encourage people to support the organisation, and
- keep people connected to the organisation.

http://www.nzfvwo.org.nz/new-dialogue/new-dialogue-29-summer-2010/online-is-the-way-forward-for-fundraising/

Fundraising ideas

Find out about the tools available for connecting with your donors online, from email, blogs and websites to Wiki pages, Facebook and Twitter. Every online tool can be used, from online donations to online charity auctions and marketing of fundraising events. A website, blog or social media page needs to be updated regularly.

It is not too difficult or expensive to fundraise online. There are currently websites, such as Givealittle.co.nz, Donatenz.co.nz and Volunteernow.org.nz helping connect charities with donations of money, time/skills (volunteer work) and items. Other companies, such as Fundraiseonline.co.nz and Issues.co.nz, enable community groups to set up their own page to raise funds on the Internet, for a small service fee.

Organisations such as the Fundraising Institute of New Zealand, yMedia, Exult Ltd and Foresee Communications offer assistance and training courses on Online Fundraising.

Tip: For more information on online fundraising visit:

- http://nonprofit.about.com/od/onlinefundraising/tp/onlinefundraisinghub.htm
- http://www.techsoup.org/learningcenter/funding/archives/page9592.cfm
- http://www.fundraiseonline.co.nz/fundraise/fundraising-tips.asp

Applying for funds

A well presented application stands the best chance of success when you are applying for public funding, a trust grant or making a sponsorship proposal.

Funding application checklist

- Obtain information about likely funding sources – this can be done easily online through websites and tools such as FundView (http://www.fis.org.nz/index.php?page=FundView) or SPARC's Directory of Potential Funding Sources (http://sparc.org.nz/en-nz/funding/Directory-of-Potential-Funding-Sources/Start-search-from-beginning/)
- Approach each source (by phone, letter, email or directly through the funder's website) and ask for:
  - funding criteria – apply for funding only if you meet the criteria
  - background information about the source
  - a list of previous grants (if available)
  - copies of application forms.
- Know the closing date for applications and get your application in well before.
- Allow plenty of time to prepare your application.
- Draft your application (see 'Application contents checklist'). Complete all the relevant sections of the application form. Attach all the documents requested.
- Discuss the application with the appropriate people in your organisation e.g. your board and communication or strategy advisers.
- Finalise, type and check the application for spelling, clarity, brevity and attractiveness.
- Invite the funder to visit the project or to request further information.
- Applications for funding are usually discoverable, and sponsors account for their donations in their annual reports. If you overstate your activities in an application, or you apply for funding when you do not meet the criteria, the community and the public will know.
- Mark any items you have excluded (or included as extras) in your funding application and footnote them.
- Include any appropriate notes on budget explanations and breakdowns.
- Include, if you have them, three- or five-year development plans.
- If you need help developing a proposal, ask the funder.
- List other organisations to which you have applied and when you expect to hear from them. Funders don't mind your applying to more than one funder or for different grants, but make sure you let them know of any outcomes, especially if an application is turned down.
- Download the funder's application form. If one is not available, make your own – it will be photocopied. Keep a copy of the final copy of your application.
- If you don't get an acknowledgement of your application after two or three weeks, ring the funding organisation and check that they have received it.
- Be aware that most schemes have far more applicants than funding, so if you are turned down, try again. It didn't necessarily mean they think your project is no good – they may have just had some particularly good competing projects. Choose another organisation, rewrite the application and keep trying.
- Develop a funding calendar for your organisation that highlights all those funding bodies you can apply to on an annual basis.
- Remember to publicly acknowledge your funders.
- Make sure you meet all the funders' requirements for using the funds, such as accountability reports, keeping receipts, etc.

Application contents checklist

A funding application typically requires the following information:

- **Introduction** – to your organisation, its staff and volunteers, services provided, community served, numbers.
- **Legal form** – are you an incorporated society or charitable trust? Do you have an umbrella organisation willing to receive money on your behalf? Are you registered for GST?
- **The problem** – outline the problem your project seeks to address. Enclose any needs analysis, evidence or statistics.
- **Outline** of the project itself.
- **Objectives** – these should be specific, achievable and able to be evaluated.
- **Procedure** – who will implement the project, how and with what?
- **Evaluation** – explain how you intend to measure whether the project was worthwhile.
- **Budget** – list all items of anticipated income and expenditure, including staff salaries and administration costs. Note any other sources of funding that you have approached for this project, and when you expect a response. State how much the organisation is providing. Attach professional quotes.
- **Request** – ask for a specific amount of money that is realistic in terms of the project budget and of the size of the grant usually made by the funding body. In many cases it will be less than the total expenses identified in the budget.
- **Contacts** – list address and phone numbers of two people who can provide the funder with any further information or clarification.
- **Referees** – list two or more referees from outside your own organisation who understand the project and support it.
- **Other information** – attach letters of support and other materials that support your case such as media releases, brochures, annual reports, annual accounts, etc. However, be careful not to bombard the funder with lots of additional material. Only include the information and attachments requested by the funder or that are essential to supporting your application.

> Tip: Commonly, funders make all or part of the application process available online. But be aware there are still a number, especially of smaller funders, which provide only paper application forms and accept only paper applications.

Funding timeline

A useful tool to have when you're applying for funds is a funding timeline that documents the critical steps involved in getting a funding application completed on time. Work backwards from the closing dates to set deadlines for the major tasks associated with making an application and tick off each task as it is completed.

Public funding information

Public funding programmes and closing dates change from time to time, so keep an eye on what's available and what are the application closing dates. The Internet is a great source of accurate funding information.

Research via Google, or visit online directories such as the Funding Information Service's FundView or the Cultural Funding Guide (http://www.mch.govt.nz/funding-guide/). The Department of Internal Affairs' Grants Online website (http://www.cdgo.govt.nz/) has

information on applying for Lottery Grants Board or Community Organisation Grants Scheme (COGS) grants and on various community funding schemes. National funders include the New Zealand Community Trust, Freemasons New Zealand, Sargood Bequest, Pub Charity, Blue Skies Fund, etc, which can be found through their individual websites or through FundView.

Check with your local council about funders in your area. You can find your local council's details through Local Government Online (http://www.localgovt.co.nz/).

Other things to remember

- Fundraising is all about relationships and communication. It's beneficial to thank and recognise funders as not all of them fund only on a one-off basis – they may fund again. If an application is declined, find out why.
- Government agencies, corporations, foundations and trusts may prefer to fund finite projects, ending when their aims have been achieved, rather than covering ongoing costs such as salaries and rents. A strategy for dealing with this is to build salary and overhead components into the cost of projects.
- There are usually special terms and conditions attached to project funding e.g. many organisations require you to have raised a proportion (commonly one-third) of the money you need for your project before you apply to them.
- Some funders will fund only those organisations that are in partnership with an umbrella group or who have their own legal form e.g. registered as an incorporated society or charitable trust. For more information about becoming a legal entity refer to Section 3 – Organisational structures. Other funders may put limits on the size of any grants they make to groups operating without a legal form e.g. they may fund up to $5000. Funders are also starting to specify that they will fund only those organisations registered with the Charities Commission.
- There are many courses on funding and fundraising for not-for-profit and community groups, offered by tertiary institutions such as Unitec, Manukau Institute of Technology, University of Auckland Business School and other organisations such as the Fundraising Institute New of Zealand, Fundraising Training Associates, Exult Ltd, and Foresee Communications.

Where to go for more information
Online resources

1. **The Funding Information Service (FIS)** – http://www.fis.org.nz . A complete source of funding information for community organisations, FIS manages searchable funding information databases:
   - FundView – grants from trusts and foundations
   - BreakOut – grants for individuals
   - Corporate Citizens – a directory of corporate community involvement.

   See also the resources for groups who have been turned down for grants or have been unable to negotiate a government contract that covers all costs – http://www.fis.org.nz/index.php?page=Resources .

2. **The Fundraising Institute of New Zealand (FINZ)** – http://www.finz.org.nz/ . The professional body for those employed in or involved with fundraising, sponsorship and events in the not-for-profit sector.

3. **CommunityNet Aotearoa's Funding How-to Guide** – http://www.community.net.nz/how-toguides/funding/ . Information, resources and advice about applying for grants, sponsorship and other types of funding.

4. **Cultural Funding Guide** – http://www.mch.govt.nz/funding-guide/ . Searchable online funding directory developed by Creative New Zealand, National Services Te Paerangi (Te Papa) and the Ministry for Culture and Heritage with the Funding Information Service.

5. **Sport and Recreation New Zealand (SPARC) Directory of Potential Funding Sources** – http://sparc.org.nz/en-nz/funding/Directory-of-Potential-Funding-Sources/Start-search-from-beginning/ . Searchable online directory of potential sports and recreational funding sources.

6. **ComVoices Communications Toolkit** – http://communitycentral.org.nz/comvoices/resources . The '*Understanding Sponsorship*' section examines some of the basic rules for seeking and securing sponsorship, as well as some tools that can help you to improve your approach.

7. **Philanthropy New Zealand** – http://www.philanthropy.org.nz . Though primarily for organisations that give money, it contains some useful information and publications for groups receiving that money.

8. **Foresee Communications – Products and Publications** – http://www.foresee.co.nz/fundraising-sponsorship-publications.php . A wealth of material on fundraising and sponsorship, including two monthly publications, regular e-newsletters, a sponsorship book and various resource kits.

9. **Community Connect's Funding – Where to start and what to know** – http://www.communityconnect.org.nz/index.php?page=Funding+-+Where+to+Start+and+What+to+Know . Advice and practical tips on fundraising and applying for funding.

10. **Exult Ltd** – http://www.exult.co.nz/ . Organisation that specialises in guides, resources and training to help groups with their financial sustainability.

11. **FundraiseOnline** – http://www.fundraiseonline.co.nz . Free online donation service that enables groups to build their own personal fundraising webpage, complete with secure credit card donation processing facilities.

12. **Fundraising Directory of New Zealand** – http://www.fundraisingdirectory.co.nz/ Directory of fundraising products and service suppliers to help with sourcing and conducting fundraising.

13. **Fundraising Ideas NZ** – http://www.fundraisingideas.org.nz/diy.aspx . A to Z of do-it-yourself fundraising ideas.

14. **Our Community – Community Funding Centre** (AUS) – http://www.ourcommunity.com.au/funding/funding_main.jsp . Free help sheets, services, newsletters, books and training to help community groups improve their fundraising abilities.

15. **Free Management Library – Nonprofit Fundraising and Grantwriting** (USA) – http://managementhelp.org/fndrsng/np_raise/np_raise.htm . Resources to ensure a strong fundraising plan and program for non-profit organisations.

16. http://www.nzfvwo.org.nz/new-dialogue/new-dialogue-29-summer-2010/online-is-the-way-forward-for-fundraising/ .

Other resources

1. North Shore Community and Social Services' Community Resources:

    *   *Demonstrating Your Success to Win Funding*

        A guide that focuses on being able to show funders that you are effective and therefore worth funding. It offers tools and thoughts about relationships with your funders, how to demonstrate that your service is effective, how to show that you deliver value for money and how you can use this evidence as a marketing tool to build a stronger case for funding.

    *   *A Guide to: Developing a Fundraising Strategy*

        Looks at basic principles of fundraising and developing a fundraising strategy. Covers grants, sponsorship, special events, donor development and organisational activities to support fundraising.

    *   *Preparing Funding Applications*

        A step-by-step guide to preparing funding applications using a team approach. It includes: getting started, planning and costing your project, gathering the information, FAQs, understanding funders' requirements.

    *   *Auckland Regional Funding Directory*

        For more information, visit: http://www.nscss.org.nz/publications/resources .

2. **Managing Your Voluntary Agency in New Zealand: A Handbook** – See *Chapter Six: Managing Finances and Raising Funds*. New Zealand Federation of Voluntary Welfare Organisations.

3. **The Seriously Good Guide to Fundraising.** Practical ideas and advice for community groups wanting to raise funds. Visit: http://www.exult.co.nz/index.php?page=seriously .

4. **The Grantseekers Guide** – Trust Waikato. An easy-to-use reference booklet for people seeking funding. Visit: http://www.trustwaikato.co.nz/page/resources .

5. **Fundraising For Social Change,** Kim Klein. A how-to guide to establishing, maintaining and expanding a successful community-based fundraising programme.

6. **Seizing the Moment II: Turning Community Ideas into Action.** http://www.nzfvwo. org.nz/new-dialogue/new-dialogue-29-summer-2010/online-is-the-way-forward-for-fundraising/ .

7. **Fundraising Basics,** Ciconte & Jacob.